

Meeting: Engineering and Planning Subcommittee

Date: June 18, 2008

Attendees: Wes Jorgenson, City of Bellevue; Steve Moye, Coal Creek Utility District; Dennis Cheung, City of Issaquah; Ron Nowicki, Lakehaven Utility District; Stan Hummel, King County; Bob Peterson, King County; Tamie Kellogg, MWPAAC Facilitator

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#### Committee Business:

- The committee requested that a short summary (paragraph) of each meeting topic be provided to the committee in advance of each meeting date.
- Requested that the Reclaimed Water Comprehensive Plan Scope of Work be posted to the website for committee members' review.

#### Brightwater Project Update Summary:

- Brightwater Accomplishments: negotiations completed with Hoffman Construction for liquids stream facilities; awarded contract to Kiewit-Pacific for solids/odor control facilities and completed site preparation; completed Brightwater Operations Center; tunneling has begun on East and Central Tunnel; North Mitigation area construction completed; signed agreements with City of Shoreline and City of Kenmore to create community parks; obtained all Snohomish County permits.
- Brightwater Cost Estimates: The current lifetime cost estimate for the Brightwater project is \$1.8 billion; up \$34.9 million (2%) above the cost estimate presented in the January 2007 Update. Higher than anticipated bids contributed to cost increases.
- Construction Status: refine and update East Tunnel mitigation plans and strategies for schedule delay; monitor progress of all tunnel construction contracts; change order reporting.
- Brightwater Completion Schedule: hydraulic completion occurs February 2011; sewage treatment begins May 2011.

#### Presentation Questions and Answers:

- What is the ultimate use of the Brightwater Office Center building? During value engineering, they determined that the 100,000 square foot building should be used for Brightwater Operations and Maintenance. This was a measure to reduce project cost rather than building a new facility. We are making use of the building for a construction office to help defray the cost of the project.
- Have they encountered any geological issues? No, they haven't.

- Did the City of Kenmore purchase the land? The County deeded the land. It was a horse farm prior to the County's purchase. We had to utilize the whole lot for construction of the Central Tunnel Portal. We still retain access rights to our facilities.
- Was that part of the mitigation costs? Yes.
- Did the City of Kenmore get similar mitigation for other projects? Other projects with environmental impacts are typically required to provide mitigation.
- How frequently would you use the site? Infrequently for tunnel access
- How do we know that the GC/CM contract was competitive? Hoffman was selected based on qualifications and fee. Hoffman construction submitted cost estimates at 60/90/100 which were reviewed and then used to negotiate a total price and applied 2% fee. Hoffman then bids out all work and any buy-out savings revert to the Owner.
- How do you know that 2% is the best? The GC/CM competitively bids all the packages; we sign a total price contract. When the prime bids out the subcontract bids and those bids go over, it is their responsibility to perform the work for the total price. Any savings between the total price and bid costs revert to the Owner.
- Are you expecting higher energy costs? We have escalation provisions in the construction contracts. Correction to notes: Kiewit has elected to utilize escalation on certain materials which may be affected by increasing energy or commodity costs. This escalation is capped at \$3.8 million for this contract. Hoffman has escalation provisions, which include fuel, but the escalation billed to use to date on fuel prices has been minor.
- They didn't hit anything that caused a delay? The manufacturer of the bearing claimed force majeure because the military had requisitioned all bearings, which caused a delay in manufacturing our bearing. Speed and mobilization; deployment of tunnel were attributed to the contractor. They have liquidated damages.
- Does that give you enough time? Originally, the schedule was to pump clean water to the plant and re-circulate water and decouple treatment plant testing with Influent Pump Station to allow flow to circulate independently and in February 2011 to accept sewage. Delays in the tunneling may delay sewage testing by several months. Clean water is kept in the system, we have to monitor and analyze anything that is discharged.
- If the current system is predicated on total flow and in the summertime flows are low, coupled with the downturn in the housing market, have you looked at what

those implications are for the growth rate? Was it modified as to what we are actually seeing? Construction of the plant will continue as planned. SH

Response: The need for the plant has not changed although the amount of flow to the plant may be affected. This could delay needs for plant expansion in the future.

- Do liquidated damages cover costs incurred in failing to live up to the contract? The liquidated damages are calculated to address the costs associated with late delivery of a portion of the system.